



INSIGHTS

108th Congress

July 15, 2003

*Also available on the FEMP Home Page at
www.eere.energy.gov/femp/resources/insights.html.*

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INSIGHTS is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

DON'T FORGET!

Energy 2003 will be held on August 17 - 20 in Lake Buena Vista, Florida.

Go to the ***Energy 2003*** web page at www.energy2003.ee.doe.gov to register.

I. WEEKLY SUMMARY

CONGRESSIONAL SCHEDULE

HOUSE

This week, the House will conduct the following mark ups of interest:

- Committee on Appropriations mark up of *H.R. __ - FY 2004 Appropriations for Energy and Water Development*
- Subcommittee on Veterans' Administration, Housing and Urban Development, and Independent Agencies (Committee on Appropriations) mark up of *H.R. __ - FY 2004 Appropriations for Veterans' Administration, Housing and Urban Development, and Independent Agencies*
- Committee on Appropriations mark up of *H.R. __ - FY 2004 Appropriations for Commerce, Justice, State, and the Judiciary*

SENATE

This week, the Senate will conduct the following hearing and mark up of interest:

- Committee on Appropriations mark up of *S. __ - FY 2004 Appropriations for Energy and Water Development*
- Committee on Energy and Natural Resources hearing on management of Department of Energy National Laboratories

CONFERENCE COMMITTEES/VOTES

HOUSE

- House consideration and vote on *H.R. 2673 – FY 2004 Appropriations for Agriculture, Rural Development, and Related Agencies*

SENATE

- Senate consideration and vote on *S. 1382 – FY 2004 Appropriations for Defense*

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II. COMMITTEE ACTIVITY

HOUSE

Hearings

DOE National Laboratory Contracts On July 10, 2003, the Subcommittee on Energy (Committee on Science), chaired by Judy Biggert (R/IL), held a hearing to examine the Department of Energy's process for competing laboratory contracts and the management and operation of the national laboratories. Testimony was presented by Robin Nazzaro, General Accounting Office (GAO); Robert Card, Undersecretary of Energy; Paul Fleury, Yale University; and John Tague, University of California at Santa Barbara. GAO has repeatedly criticized the DOE contracting process. Robin Nazzaro presented findings from her report entitled, *Contract Reform: DOE's Policies and Practices in Competing Research Laboratory Contracts*. The report revealed that in order to improve contractor performance:

DOE must (1) effectively oversee its contractors' activities in carrying out projects and (2) use appropriate outcome measures to assess overall results and apply lessons learned to continually improve its contracting practices. Our recent evaluation of DOE's contract reform efforts indicates that DOE is still working to put these management practices and outcome measures in place. As we reported in 2001, improving an organization's performance can be difficult, especially in an organization like DOE, which has three main interrelated impediments to improvement—diverse missions, a confusing organizational structure, and a weak culture of accountability.

According to Robert Card, DOE is taking steps to mitigate contract-related problems. For example, the agency has established a "Blue Ribbon Commission" to re-examine DOE's competition policies for Federally Funded Research and Development Centers (FFRDC). In a report that will be released by the end of the fiscal year, the commission will present an evaluation of the conditions under which competition can best assist DOE in upholding quality research capabilities and effective operation of the facilities. Additionally, the commission will:

- Determine if the FFRDCs should be routinely competed and with what frequency, or whether they should only be competed for "cause."
- Assess the benefits and disadvantages of competing the FFRDCs.
- Determine whether the FFRDCs should be treated differently from other competition decisions.
- Recommend potential criteria for deciding which types of entities should manage and operate the various types of national laboratories.

DOE spends over \$16 billion per year on contracts to manage and operate 28 major facilities.

General Service Administration's (GSA) FY 2004 Capital Investment and Leasing Program (CILP) On July 9, the Subcommittee on Economic Development, Public Buildings and Emergency Management (Committee on Transportation and Infrastructure) received testimony on the General Services Administration's FY 2004 Capital Investment and Leasing Program (CILP) from Joseph Moravec, Commissioner of GSA's Public Buildings Service. Jane Roth, Chairman of the Judicial Conference's Committee on Security and Facilities also testified. Mr. Moravec discussed CILP's proposed total asset management approach for real and personal property issues. This approach includes:

- Introducing life-cycle planning and management
- Authorizing agencies to sub-lease, out-lease, exchange, and sale of capital assets
- Allowing agencies to keep some portion of the proceeds from sales of surplus real and personal property
- Streamlining asset management

While the President's FY 2004 Budget Request includes funding for 11 court-related repair and alteration projects, it does not include funding for new courthouse construction projects. Ms. Roth addressed the need for increased spending on facility upkeep and new construction to enhance the security and efficiency of Federal courthouses and, on behalf of the Federal Judiciary system (U.S. Court of Appeals), has submitted directly to Congress, a courthouse construction budget request and asked that GSA receive funding to support FY 2004 courthouse construction. The courthouse budget request submitted by Federal Judiciary system includes authorization for 18 courthouse construction projects and 12 repair and alteration projects, including funding for the repair and alteration of the historic Thurgood Marshall United States Courthouse in New York, New York.

Legislation

HR. 2691 – FY 2004 Appropriations for Interior and Related Agencies On July 10, the Committee on Appropriations approved this bill, which includes the following provisions of interest:

Department of Energy - \$879.487 million for Energy Conservation (\$861.845 million for in *S. 1391*)

- **Federal Energy Management Program - \$19.962 million (identical to the President's Budget Request and *S. 1391*)**
- Building Technologies - \$58.963 million (\$62.063 million in *S. 1391*)
- Distributed Energy Resources - \$64.284 million (\$57.534 in *S. 1391*)
- Industrial Technologies - \$97.729 million (\$76.429 million in *S. 1391*)
- Vehicle Technologies - \$184.423 million (\$174.223 million in *S. 1391*)
- Fuel Cell Technologies - \$56.5 million (\$68.5 million in *S. 1391*)
- Weatherization and Intergovernmental Activities - \$307.642 million (\$311.462 million in *S. 1391*)
- Biomass and Biorefinery Systems - \$0 funding (\$10.08 million in *S. 1391*)

- National Climate Change Technology Initiative - \$0 funding (\$0 funding in *S. 1391*)
- Program Management - \$90.164 million (includes \$500,00 for the National Academy of Sciences program review, \$5 million for cooperative programs with states, and \$5 million for the energy efficiency science initiative) (\$80.664 million in *S. 1391*)
- Northeast Home Heating Oil Reserve - \$5 million (\$5 million in *S. 1391*)
- Energy Information Administration - \$82 million (\$80 million in *S. 1391*)

Smithsonian Institution - \$93.779 million for facilities capital (Senate funding level not available)

National Gallery of Art - \$11.6 million for repair, restoration, and renovation of buildings (Senate funding level not available)

John F. Kennedy Center for the Performing Arts - \$16 million for construction (Senate funding level not available)

Federal Land Recreation Fee Demonstration Program – extends the program for two years; the program uses funds to construct and renovate projects at the National Park Service, the Forest Service, and other public land sites. (Senate funding level not available)

H.R. 2658 - FY 2004 Appropriations for Department of Defense - On July 8, the House passed the FY 2004 appropriations bill for the Department of Defense. The bill is now pending consideration and a vote by the full Senate and includes the following provisions of interest:

Operation and Maintenance for Components: (includes O&M for facilities and unrelated tasks)

- Army - \$24.903 billion (\$2.5 million shall be available for Fort Baker)
- Navy - \$28.060 billion
- Marine Corps - \$3.440 billion
- Air Force - \$26.689 billion.
- Defense-Wide - \$16.124 billion
 - Norton Air Force Base - \$4 million for operations and maintenance for ongoing hangar repair, electrical supply delivery, tower improvements

Operation and Maintenance for Reserve Components: (includes O&M for facilities and unrelated tasks)

- Army - \$2.031 billion to include repair of facilities and equipment and unrelated activities
- Navy - \$1.171 billion to include repair of facilities and equipment and unrelated activities
- Marine Corps - \$173.952 million to include repair of facilities and equipment; and unrelated activities
- Air Force - \$2.144 billion to include repair of facilities and equipment and unrelated activities

- Army National Guard - \$4.325 billion for maintenance, operation, and repairs to structures and facilities, and unrelated activities
- Air National Guard - \$4.424 billion for maintenance, operation, repair, and other necessary expenses of facilities for the training and administration, including repair of facilities and unrelated activities

H.R. 2660 - FY 2004 Appropriations for Department of Labor, Health and Human Services, and Education - On July 10, the House passed FY 2004 appropriations for the Departments of Labor, Health and Human Services, and Education Appropriations. The bill includes the following provisions of interest:

Department of Labor - Training and Employment Services: \$5.077 billion

- Job Corps - \$1.541 billion (of this amount \$691 million will be available October 1, 2003)

Department of Health and Human Services:

- Buildings and Facilities - \$80 million for the design, construction, improvement, and major repair of clinical, laboratory, and office buildings and supporting facilities
- Centers for Disease Control and Prevention (CDC) Buildings and Facilities - \$206 million for construction and ongoing maintenance projects, as well as essential safety repairs and equipment purchases - funds appropriated to the CDC to be used to enter into a long-term ground lease for construction on non-Federal land, in order to replace their laboratory in the Fort Collins, Colorado.

H.R. 2673 - FY 2004 Appropriations for Department of Agriculture, Rural Development, Food and Drug Administration - On July 9, the Committee on Appropriations passed this bill, which includes the following provisions of interest:

Department of Agriculture:

- Buildings and Facilities and Rental Payments - \$124.3 million for payments to the General Services Administration; \$32.5 million to remain available until expended
- Animal and Plant Health Inspection Service, Building and Facilities - \$4.9 million for construction, repair, preventive maintenance, environmental support, improvement, extension, alteration, and purchase of fixed equipment or facilities
- Agriculture Market Service - Unspecified funding for alteration and repair of buildings and improvements
- Grain Inspection, Packers and Stockyards Administration - Unspecified funding for alteration and repair of buildings and improvements
- Food Safety and Inspection Service - Unspecified funding for alterations and repair of buildings and improvements
- Natural Resources Conservation Service - Unspecified funding for construction and improvement of buildings and public improvements at plant materials centers

- Renewable Energy Program - \$23 million for direct renewable energy loans and grants authorized by section 9006 of the *Farm Security and Rural Investment Act of 2002*

Department of Health and Human Services:

- Buildings and Facilities - \$6 million for plans, construction, repair, improvements, extension, alteration, and purchase of fixed equipment or facilities of or used by the Food and Drug Administration.

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SENATE

Hearings

National Parks Service (NPS) Maintenance Backlog On July 8, the Committee on Energy and Natural Resources, chaired by Pete Dominici (R/NM), heard testimony from Donald Murphy, National Park Service (NPS); Barry Hill, GAO; Eric Dillinger, Carter and Burgess; among other consumer and environmental groups. All witnesses agreed that overall park funding must be increased if NPS is to conduct maintenance projects as needed. Facility management consultant, Eric Dillinger, said deferred maintenance projects “are not a problem unique to NPS. Inadequate funding for the maintenance and repair of public buildings at all levels of government and academia has been a long-standing and well-documented problem...If agencies do not allocate between 2 percent and 4 percent of asset value on upkeep, maintenance backlogs will ensue.” NPS allocates two percent of its budget to maintenance and repair projects. A report recently released by the Department of Interior (DOI) and NPS entitled, *National Park Service: Partnering and Managing for Excellence*, revealed that much progress has been made toward fulfilling the goals of President Bush’s National Parks Legacy Project. The Legacy Project called for NPS to create an inventory of its assets, develop a process for reporting on site conditions, and develop ways to estimate rehabilitation and repair costs. NPS was also required to establish an Asset Management Program, which includes a software system that monitors and prioritizes ongoing maintenance needs to facilitate maintenance backlog repair and prevent future maintenance backlogs. Findings from GAO’s report, *Status of Agency Efforts to Address Its Maintenance Backlog*, echoed the results of the DOI/NPS study, revealing that the NPS has completed many of the goals set by the National Parks Legacy Project with regard to improvements in maintenance backlog. To date, NPS has completed more than 900 repair projects with an additional 500 projects currently being addressed.

Natural Gas Prices On July 10, the Committee on Energy and Natural Resources heard testimony on rising natural gas prices and its effect on the economy from Federal Reserve Board Chairman Alan Greenspan; David Garman, Assistant Secretary for Energy Efficiency and Renewable Energy (EERE); Richard Grant, Tractebel; Brian Ferguson, Eastman Chemical; and Bruce Thompson, Forest Oil. According to Mr. Greenspan, natural gas prices have risen over the last six years from \$2 per million Btu to more than \$4.50; he said that it is unclear whether these prices will rise, level off, or fall. To increase supply, and therefore lower natural gas costs, he recommends a “major expansion of liquefied natural gas (LNG) terminal import capacity and development of the newer offshore regasification technologies.” Recent improvements in LNG import safety and technologies make this a viable option. Mr. Grant pointed out that LNG can be used to augment the energy resources used in the generation of electricity, thereby reducing the demand on local energy supplies.

Assistant Secretary Garman outlined several “high priority” EERE initiatives that will result in substantial electricity and natural gas savings for consumers. These include:

- New draft rulemakings on energy efficiency standards for residential furnaces and boilers, distribution transformers, and commercial air conditioners and heat pumps. Draft rulemakings on torchieres, ceiling fans, and commercial refrigeration equipment will be released at a future date.
- Promotion of public awareness of the natural gas situation and promoting energy efficiency and conservation. At the Natural Gas Summit organized by the Department of Energy on June 26, representatives from consumer groups, industry, environmental groups, government, and others agreed “that promoting public awareness of the natural gas supply are the primary short-term tools available to us.”
- Completing the National Petroleum Council (NPC) Natural Gas study, which was commissioned to assess natural gas supply, demand, and infrastructure in North America through 2025. The results of this study will be released in September 2003.
- Exploring renewable energy and energy efficiency initiatives with state and local governments and the private sector to offset the demand for electricity generated by fossil fuels, including natural gas.

Legislation

S. 1391 – FY 2004 Appropriations for Interior and Related Agencies On July 10, the Committee on Appropriations marked up and approved this bill, which includes the following provisions of interest:

Department of Energy - \$861.845 million for Energy Conservation (\$879.487 million in *H.R. 2691*)

- Federal Energy Management Program - \$19.962 million (identical to the President’s Budget Request and *H.R. 2691*)
- Building Technologies - \$62.063 million (\$58.963 million in *H.R. 2691*)
- Distributed Energy Resources - \$57.534 million (\$64.284 million in *H.R. 2691*)
- Industrial Technologies - \$76.429 million (\$97.729 million in *H.R. 2691*)
- Vehicle Technologies - \$174.223 million (\$184.423 million in *H.R. 2691*)
- Fuel Cell Technologies - \$68.5 million (\$68.5 million in *H.R. 2691*)
- Weatherization and Intergovernmental Activities - \$311.462 million (\$307.642 million in *H.R. 2691*)
- Biomass and Biorefinery Systems - \$10.808 million (\$0 funding in *H.R. 2691*)
- National Climate Change Technology Initiative - \$0 funding (\$0 funding in *H.R. 2691*)
- Program Management - \$80.664 million (90.164 million in *H.R. 2691*)
- Northeast Home Heating Oil Reserve - \$5 million (\$5 million in *H.R. 2691*)
- Energy Information Administration - \$80 million (\$82 million in *H.R. 2691*)

S. 14 - Energy Policy Act of 2004

Bingaman-Collins Amendment to Energy Bill Seeks to Speed up 'Smart Meters' for Electricity

Last week Senators Bingaman (D/NM) and Collins (R/ME) introduced an amendment to install 'smart meters'. The purpose of this amendment is to permit high-priced "peak" energy usage to be shifted to lower-priced "off-peak" usage, saving consumer's money. The Senate expects to resume work on this bill by the end of this month.

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III. STATUS OF FY 2004 APPROPRIATIONS BILLS

(In Millions)

HOUSE

SENATE

<i>Jurisdiction/ FY 2004 Budget Request</i>	<i>302(b) Allocations / Approved Funding Level</i>	<i>Bill No.</i>	<i>Full Cmte.</i>	<i>Floor</i>	<i>Conf.</i>	<i>302(b) Allocations /Approved Funding Level (New)</i>	<i>Bill No.</i>	<i>Full Cmte.</i>	<i>Floor</i>	<i>Conf.</i>
Agriculture 17,141	17,005	H.R. 2673	6/25	7/14		17,005		7/15		
Commerce 37,685	37,914		7/16			37,014				
Defense 371,698	368,662	H.R. 2658	6/26	7/8		368,662	S. 1382	7/9	7/14	
Energy and Water Development 26,946	27,080		7/15			27,313		7/15		
Homeland Security 27,481	28,521	H.R. 2555	6/12	6/24		28,521		7/10		
Interior 19,552	19,627	H.R. 2691	6/25			19,627	S. 1391	7/10		
Labor / HHS 137,990	138,046	H.R. 2660	6/25	7/10		137,601	S. 1356	6/26		
Military Construction 9,237	9,196	H.R. 2559	6/17	6/26		9,196	S. 1357	6/26	7/11	
Transportation and Treasury 27,802	27,502					27,502				
VA/HUD 89,434	90,034		7/15			90,034				

Red Italics = scheduled date

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IV. NEW LEGISLATION

(Note: Once a new bill is introduced, the Government Printing Office generally requires from several days to one week to make the bill available in print)

See detailed provisions for all bills at: thomas.loc.gov

HOUSE

There are no new bills of interest to report.

SENATE

Number	Short title	Date	Sponsor	Status
S. 1395	Technology Administration Authorization Act of 2003	7/11/03	John McCain (R/AZ)	Referred to the Committee on Commerce, Science and Transportation
	Construction and Maintenance for facilities of the National Institute of Standards and Technology--			
	(1) \$69,590,000 for fiscal year 2004			
	(2) \$71,678,000 for fiscal year 2005			
	(3) \$73,828,000 for fiscal year 2006			
	(4) \$76,043,000 for fiscal year 2007			
	(5) \$78,324,000 for fiscal year 2008			

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V. ADMINISTRATION INITIATIVES

Comments on S. 1382 – FY 2004 Appropriations Defense On July 14, the Administration, through the Office of Management and Budget (OMB) released a “Statement of Administration Policy” on this bill. OMB states that while the office has not reviewed the bill in detail, the Administration supports S. 1382. The statement includes the following comments of interest to readers of *INSIGHTS*:

The Administration strongly opposes the language in the bill that prohibits the Department of Defense from paying fees to the Department of State related to the construction of new diplomatic facilities. The Administration’s plan for capital cost sharing scheduled to begin in FY 2005 will required agencies to provide funding for the program for their own appropriation.

The Administration opposes the omission in the bill of the President’s request for an indefinite appropriation to help address the problem of volatile fuel prices. Currently, funding forecasts pre-date actual purchase by 20 months. An indefinite appropriation would allow the Department to cover the difference between the funds budgeted for refined petroleum products and actual market expenses.

VI. HEARINGS SCHEDULE

HOUSE – COMMITTEE ON APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/ Location
July 15 – Committee on Appropriations <i>(NEW)</i>	Bill Young (R/FL)	Mark Up – <i>H.R. __ - FY 2004 Appropriations for Energy and Water Development</i>	N/A	10:00 a.m. Room 2359 Rayburn Office Building
July 15 – Subcommittee on VA, HUD, and Independent Agencies (Committee on Appropriations) <i>(NEW)</i>	James Walsh, (R/NY)	Mark Up – <i>H.R. __ - FY 2004 Appropriations for VA, HUD, and Independent Agencies</i> Mark up will include funding for the Environmental Protection Agency	N/A	4:00 p.m. Room H-140 U. S. Capitol
July 16 – Committee on Appropriations <i>(NEW)</i>	Frank Wolf (R/VA)	Mark Up – <i>H.R. __ - FY 2004 Appropriations for Commerce, Justice, State, and the Judiciary</i>	N/A	Time - TBA Room 2359 Rayburn Office Building

HOUSE – AUTHORIZATIONS/OVERSIGHT

No hearings of interest to report.

SENATE – COMMITTEE ON APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/ Location
July 15 – Subcommittee on Energy and Water Development (Committee on Appropriations)	Pete Domenici (R/NM)	Mark Up – <i>H.R. __ - FY 2004 Appropriations for Energy and Water Development</i>	N/A	11:00 a.m. Room 138 Dirksen Office Building

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/ Location
(NEW)				
July 15 – Committee on Appropriations	Bill Young (R/FL)	Mark Up – <i>H.R. 2673 – FY 2004 Appropriations for the Department of Agriculture, Rural Development, Food and Drug Administration</i>	N/A	3:00 p.m. Room 124 Dirksen Office Building
(NEW)				

SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/ Location
July 16 – Committee on Energy and Natural Resources	Pete Dominici (R/NM)	Hearing – To examine the nomination of Suede Kelly, of New Mexico, to be a Member of the Federal Energy Regulatory Commission for the remainder of the term expiring June 30, 2004	N/A	2:30 p.m. Room 366 Dirksen Office Building
(NEW)				
July 17 – Committee on Energy and Natural Resources	Pete Dominici (R/NM)	Hearing – Administration of DOE National Laboratory Contracts	Victor Reis, Hicks and Associates John Gibbons, Resource Strategies William Spencer, International SEMATECH William Schneider, International Planning Services Inc.	10:00 a.m. Room 366 Dirksen Office Building
(NEW)				

CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

Date and Action Item	Topic	Location
Mid- to Late - July (bill is put on hold to address other pressing legislative issues)	Floor Consideration and Voting - S. 14 – Energy Policy Act of 2003 proposed amendments	U.S. Capitol

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